



GROWER UPDATE

May 2016

Dear Valued Suppliers,

Let's start with the good news. The exchange rate has improved lately and our sales team have performed very well in terms of the USA sales. So yet again we hope to deliver a fantastic agterskot for the 2016 season. We know that we have to support one another in these times.

Now for the bad news.... We all knew that the drought effected 2015/2016 would be a tough one, but we never anticipated it to be this harsh.

The official SAMAC estimate has dropped from 43000mt to 39000mt, however, some feel that even this estimate is optimistic and the crop could be down as much as 30% from the 2015 season.

What makes matters worse is that the in-shell sizes are much smaller than usual, which means lower crack-outs and a smaller kernel yield. In certain areas we are seeing a difference in total kernel of over 3% when compared to last year's results. This in turn leads to the production of smaller styles, so less Style 0, 1 and 2 grades are being produced in the factory.

	2015	2016
SKR %	25.77%	23.96%
USK %	4.91%	5.12%
TKR %	30.67%	29.08%

Speaking to various horticulturists there is a concern that as the trees are already under stress, and as we face another potentially dry winter, the 2017 crop could also be severely affected. Farmers need to be aware of this and prepare themselves for similar outcomes in 2017.



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The dry conditions have also meant that the crop was early and came all at once. This has put the factories under pressure, especially at the end of April. The pressure is now residing as the lower than usual Beaumont crop comes in. The Beaumont variety has been one of the cultivars most severely hit by the dry and hot conditions in October brought on by the drought. We would like to stress that when deciding what cultivars to plant growers should spread their risk. Planting 3-4 cultivars that flower at different times can offset severe heat during the flowering period.

With regards to quality, a few trends can be observed. Unsound kernel remains very high and is only slightly better than the 2015 season. Stinkbug damage continues to be the major cause for the high unsound kernel. Insect resistance to the registered pesticides seems to be increasing particularly in the Levubu region. This is a deep concern for the future of the South African industry. If the chemicals stop working altogether the entire crop could be lost as resistant stinkbugs spread across the country.

With the smaller crop this season, we ask that farmers please do a revised crop estimate and if you haven't as yet, please communicate these revisions to the factory. These estimates are imperative to the marketing team, who have to plan sales based on these estimates. - we are all part of the same team.

Kind Regards

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